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OPEN MEETING

ORIGINAL

MEMORANDUM

RECEIVED

2002 MAR -6 P 3: 54

TO: THE COMMISSION

FROM: Utilities Division

DATE: March 6, 2002

RE: COLDWATER CANYON WATER COMPANY, INC.'S CURTAILMENT
PLAN TARIFF (DOCKET NO. W-01559A-02-0160)AZ CORP COMMISSION
DOCUMENT CONTROLBACKGROUND

On March 4, 2002, Coldwater Canyon Water Company, Inc. ("Coldwater Canyon" or "Company") filed an application with the Commission requesting approval of a curtailment plan. The curtailment plan will be implemented as a company tariff and will also be incorporated into the Company's Arizona Department of Environmental Quality ("ADEQ"), Emergency Operations Plan.

Coldwater Canyon is a public service corporation, which serves development on the east side of Interstate 17 at Black Canyon City. The Company consists of three individual, non-interconnected water systems (ADEQ PWS ID # 13-020, 13-192, and 13-202). Each system has its own series of wells, pumps, storage, and distribution mains. There are 182 service connections from the sum of the three systems.

Coldwater Canyon is experiencing a severely declining water table in all of its wells. Static water levels, which are normally 12 to 15 feet deep, have dropped to over 50 feet deep. The Company has lowered its pumps as much as possible, where possible, but since the wells are relatively shallow, the gains on well production have been maximized. Continuing drought conditions and forthcoming summer demands will likely create the necessity for conservation and curtailment.

RECOMMENDATIONS

Staff recommends approval of the curtailment plan, as filed by the Company.

Staff further recommends that this curtailment plan become part of ADEQ's Emergency Operations Plan for Coldwater Canyon.

Arizona Corporation Commission

DOCKETED

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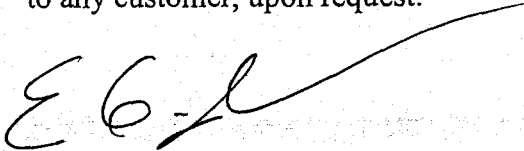
THE COMMISSION

March 6, 2002

Page 2

Staff further recommends that Coldwater Canyon notify its customers of this new tariff as part of its next regularly scheduled billing or no later than sixty (60) days after the effective date of this order.

Staff further recommends that Coldwater Canyon provide a copy of the curtailment tariff to any customer, upon request.

A handwritten signature in dark ink, appearing to read 'EGJ', with a long, sweeping horizontal line extending to the right.

Ernest G. Johnson
Director
Utilities Division

EGJ:LRH:jbc/JMA

ORIGINATOR: Lyndon R. Hammon

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL

Chairman

3 JIM IRVIN

Commissioner

4 MARC SPITZER

Commissioner

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7 IN THE MATTER OF COLDWATER CANYON)
8 WATER COMPANY, INC., REQUEST FOR)
APPROVAL OF A CURTAILMENT PLAN)
9 TARIFF)

DOCKET NO. W-01559A-02-0160

DECISION NO. _____

ORDER

9 Open Meeting

March 19 and 20, 2002

10 Phoenix, Arizona

11 BY THE COMMISSION:

12 **FINDINGS OF FACT**

13 1. On March 4, 2002, Coldwater Canyon Water Company, Inc. ("Coldwater Canyon" or
14 "Company") filed an application with the Commission requesting approval of a curtailment plan.

15 2. Coldwater Canyon is a public service corporation, which serves development on the east
16 side of Interstate 17 at Black Canyon City. The Company consists of three individual, non-
17 interconnected water systems. Each system has its own series of wells, pumps, storage, and
18 distribution mains. The total customer base is 182 service connections.

19 3. Coldwater Canyon is experiencing a severely declining water table in all of its wells.
20 Static water levels, which are normally 12 to 15 feet deep, have dropped to over 50 feet deep. The
21 Company has lowered its pumps as much as possible, but since the wells are relatively shallow, the
22 gains on well production have been maximized. Continuing drought conditions and forthcoming
23 summer demands will likely create the necessity for conservation and curtailment.

24 4. The purpose of the curtailment plan tariff is to establish guidelines for the management
25 or restriction of water use by customers when Coldwater Canyon is experiencing a water shortage
26 emergency.

27 5. The curtailment tariff proposed by Coldwater Canyon would work in stages and is
28 presented as Exhibit A. The Exhibit represents the tariff as filed by the Company.

6. Staff recommends approval of the curtailment plan, as filed by the Company.

7. Staff further recommends that this curtailment plan become part of ADEQ's Emergency Operations Plan for Coldwater Canyon.

8. Staff further recommends that Coldwater Canyon notify its customers of this new tariff as part of its next regularly scheduled billing or no later than sixty (60) days after the effective date of this order.

9. Staff further recommends that Coldwater Canyon provide a copy of the curtailment tariff to any customer, upon request.

CONCLUSIONS OF LAW

1. Coldwater Canyon Water Company, Inc., is a public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Coldwater Canyon Water Company, Inc., and the subject matter of the request.

3. The Commission, having reviewed the request for approval of the tariff and Staff's Memorandum dated March 6, 2002, concludes that it is in the public interest to approve the curtailment plan tariff.

ORDER

THEREFORE, IT IS ORDERED that Coldwater Canyon Water Company, Inc., shall be authorized to implement its proposed curtailment plan tariff.

IT IS FURTHER ORDERED that this curtailment plan tariff become part of the Arizona Department of Environmental Quality Emergency Operations Plan for Coldwater Canyon.

IT IS FURTHER ORDERED that Coldwater Canyon Water Company, Inc., shall not implement its curtailment plan tariff until all current customers of Coldwater Canyon have been given notice of this tariff.

IT IS FURTHER ORDERED that Coldwater Canyon shall notify its customers of the tariff authorized herein as part of its next regularly scheduled billing or no later than 60 days after the effective date of this order.

...

1 IT IS FURTHER ORDERED that Coldwater Canyon Water Company, Inc., shall provide
2 a copy of the curtailment tariff to any customer, upon request.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

5
6 CHAIRMAN

COMMISSIONER

COMMISSIONER

7 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
8 Secretary of the Arizona Corporation Commission, have
9 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2002.

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11
12 BRIAN C. McNEIL
13 Executive Secretary

14
15 DISSENT: _____

16 EGJ:LRH:jbc/JMA

SERVICE LIST FOR: Coldwater Canyon Water Company, Inc.

1 DOCKET NO. W-01559A-02-0160

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Mr. Roger Wagner

3 Coldwater Canyon Water Company

Post Office Box 637

4 Black Canyon City, Arizona 85324

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Drinking Water Compliance Unit

Arizona Department of Environmental Quality

6

3033 North Central Avenue

Phoenix, Arizona 85012

7

Mr. Ernest G. Johnson

8

Director, Utilities Division

Arizona Corporation Commission

9

1200 West Washington

Phoenix, Arizona 85007

10

Mr. Christopher C. Kempley

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Chief Counsel

Arizona Corporation Commission

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1200 West Washington

Phoenix, Arizona 85007

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TARIFF SCHEDULE

EXHIBIT A

Utility: Coldwater Canyon Water Company, Inc.
Docket No.: W-01599A-02-0160
Phone No.: (623) 374-5884

Tariff Sheet No.: 1 of 3
Decision No.: _____
Effective: _____

Curtailment Plan For Coldwater Canyon Water Company, Inc.

ADEQ Public Water System Numbers: 13-020, 13-192, & 13-202

Coldwater Canyon Water Company, Inc. ("Company") is authorized to curtail water service to all customers, residential and commercial, within its certificated area under the following terms and conditions:

Stage 1 Exists When:

The Company is able to maintain water storage in the system at 100 per cent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

- a. The Company's total water storage or well production has been less than 80 per cent of capacity for at least 48 consecutive hours, and
- b. The Company has identified issues such as steadily declining water table, an increased draw-down threatening pump operations, or poor water production creating a reasonable belief the Company will be unable to meet anticipated water demands in the system.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 per cent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

TARIFF SCHEDULE

EXHIBIT A

Utility: Coldwater Canyon Water Company, Inc.
Docket No.: W-01599A-02-0160
Phone No.: (623) 374-5884

Tariff Sheet No.: 2 of 3
Decision No.: _____
Effective: _____

Stage 3 Exists When:

- a. The Company's total water storage or well production has been less than 50 per cent of capacity for at least 24 consecutive hours, and
- b. The Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customer to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 per cent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least two (2) signs showing the curtailment stage. Signs shall be posted at noticeable locations, such as well sites and at the entrance to the major subdivision (2) served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering stage 3.

Stage 4 Exists When:

- a. The Company's total water storage or well production has been less than 25 per cent of capacity for at least 12 consecutive hours, and
- b. The Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

TARIFF SCHEDULE

EXHIBIT A

Utility: Coldwater Canyon Water Company, Inc.
Docket No.: W-01599A-02-0160
Phone No.: (623) 374-5884

Tariff Sheet No.: 3 of 3
Decision No.: _____
Effective: _____

(Stage 4 Exists When - continued)

Restrictions: Under Stage 4, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

Notice Requirements:

1. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. The Company shall post at least two (2) signs showing curtailment stage. Signs shall be posted at noticeable locations, such as the well sites and at the entrance to the major subdivision served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering stage 4.

Customers who fail to comply with cessation of outdoor use provisions will be given a written notice to end all outdoor use. Failure to comply with in two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees.